

THE YUKON CONSOLIDATED GOLD CORPORATION LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of The Yukon Consolidated Gold Corporation Limited will be held at the Head Office of the Corporation in the Royal Trust Tower, Bentall Centre, 555 Burrard Street, Vancouver, B.C., on Friday, the 8th day of May, 1970, at the hour of 10:00 o'clock in the forenoon (Vancouver Time):

- (a) To receive the Annual Report of the Corporation for the year ended 31st December, 1969, to elect Directors and to appoint Auditors.
- (b) To transact all such other business as may properly come before the meeting.

SHAREHOLDERS who are unable to attend the meeting in person are requested to sign and return the enclosed instrument of proxy.

Dated this 26th day of March, 1970.

BY ORDER OF THE BOARD OF DIRECTORS,

R. HALLER,

Secretary.

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies for use at the Annual Meeting of the Shareholders of The Yukon Consolidated Gold Corporation Limited (the "Corporation") to be held on Friday, 8th May, 1970, at 10:00 o'clock in the forenoon for the purposes set forth in the accompanying Notice of Annual Meeting.

The enclosed form of proxy is solicited by the management of the Corporation and the persons designated therein are directors of the Corporation. The solicitation will be made only by mail. The cost of solicitation will be borne by the Corporation. A shareholder giving a proxy has power to revoke it at any time before it is voted. Two or more shareholders representing in person or by proxy at least ten per cent of the issued common shares of the Corporation constitute a quorum at meetings of shareholders.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation on 28th February, 1970, had outstanding 7,146,202 common shares with a par value of \$1.00 each. Each shareholder of record on Friday, 8th May, 1970, the date of the meeting, will be entitled to one vote for each common share held. Any shareholder desiring to be represented by proxy at the meeting must have deposited his executed form of proxy with the Secretary of the Corporation at or prior to the commencement of the meeting. Only shareholders of record at the close of business on 24th April, 1970, will be entitled to receive notice of the meeting and any adjournment thereof.

To the knowledge of the directors and senior officers of the Corporation, the following are the only persons or companies who beneficially own, directly or indirectly, more than ten per cent of the common shares of the Corporation:

Name	Number of common shares beneficially owned as at 28th February, 1970	Approximate percentage of outstanding common shares
Lake View Investment Trust Limited, London, England.....	900,000	12.6%
Wellington Holdings Limited, Nassau, Bahamas.....	1,580,680	22.1%

Note 1— Mr. Neil B. Ivory is a director and the President of Wellington Holdings Limited.

ELECTION OF DIRECTORS

Seven directors are to be elected at the meeting to hold office until the next Annual Meeting or until their successors are duly elected. The shares represented by the enclosed form of proxy will be voted by Messrs. Arbuckle, McLeod and Ivory in favour of the election of the seven nominees hereafter listed, all of whom are presently serving as directors of the Corporation. Set out below are the names and principal occupations of the nominees. Unless otherwise indicated, such occupation has continued for more than five years.

Name and principal occupation of nominees during the past 5 years	Became a director	Shares beneficially owned as at 28th February, 1970 — (Note 2)
William A. Arbuckle, President of the Corporation and Chairman of Investment Secretariat Ltd., Investment Managers and Corporate Secretaries, of Montreal, Quebec.	1936	22,201 (Note 3, Note 4 and Note 5)
James G. S. Gammell, a partner of Ivory & Sime, Investment Managers, of Edinburgh, Scotland	1969	2,400
William J. R. Govett, Managing-Director of John Govett & Co. Limited, Investment Managers, of London, England.	1967	NIL (Note 6)
Neil B. Ivory, Vice-President of the Corporation since 30th December, 1967, and Vice-President and a director of Investment Secretariat Ltd., Investment Managers and Corporate Secretaries, of Montreal, Quebec.	1962	36,000 (Note 3, Note 4 and Note 5)
Clifford L. Larock, Treasurer of the Corporation and President of Investment Secretariat Ltd., Investment Managers and Corporate Secretaries, of Montreal, Quebec.	1968	18,000 (Note 3 and Note 5)
Charles E. McLeod, Q.C., a director of the Corporation; prior to retirement on 30th December, 1967, the Vice-President of the Corporation.	1932	1,255
John Weatherall, a director of Jones Heward & Company Ltd., Stock Brokers, of Montreal, Quebec.	1967	1,400

Note 2— The information as to shares beneficially owned by each nominee, not being within the knowledge of the Corporation, has been furnished by such nominee.

Note 3— In addition, William A. Arbuckle is Chairman, Clifford L. Larock is President, and Neil B. Ivory is Vice-President and a director of a company which owns 30,000 common shares of the Corporation. Through his share ownership, Mr. Arbuckle controls such company. Mr. Larock and Mr. Ivory are the beneficial owners of 13.4% and 4.5% respectively of the shares of such company.

Note 4— In addition, William A. Arbuckle is Chairman and Neil B. Ivory is President of Wellington Investments Limited, Nassau, Bahamas, which owns 183,500 common shares of the Corporation.

Note 5— In addition, William A. Arbuckle is President, Neil B. Ivory is Vice-President and Clifford L. Larock is Secretary-Treasurer and a director of a company which owns 240,000 common shares of the Corporation. Mr. Arbuckle directly, and indirectly, through a company which he controls, owns less than 6% of the voting shares of such company. Mr. Ivory and Mr. Larock, directly, and indirectly through the company controlled by Mr. Arbuckle, each own less than 1% of the voting shares of such company.

Note 6— W. J. R. Govett is a director of two companies which own in the aggregate 364,340 common shares of the Corporation.

Note 7— In accordance with the requirements of The Stock Exchange, London, a statement of all transactions by each director of the Corporation and by his family interests in the common shares of the Corporation during the twelve months prior to the date of the information circular will be available for inspection during normal business hours at the Corporation's Registered Office in Great Britain, Central Registration Limited, Austral House, Basinghall Avenue, London, E.C. 2, until the date of the Annual Meeting of the Shareholders and on the date and at the place of the said Meeting from 9:45 a.m. until the conclusion of the Meeting.

Although the management does not contemplate that any of the nominees will be unavailable for election or will decline to serve if elected, in the event of any vacancies among the nominees occasioned by death or other unexpected occurrence, the shares represented by the enclosed form of proxy will be voted by Messrs. Arbuckle, McLeod and Ivory in favour of the remaining nominees and for such other substitute nominee(s) as the Board of Directors of the Corporation may designate.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The following information is given with respect to the remuneration of directors and senior officers during the Corporation's last fiscal year ended on 31st December, 1969:

- (a) The aggregate direct remuneration paid or payable by the Corporation to its directors and senior officers as a group during such fiscal year — \$12,875.
- (b) There are no direct or indirect payments to directors or senior officers of the Corporation with respect to pension or retirement plans (except The Canada Pension Plan) or any other plans.
- (c) No director of the Corporation has any contract of service with the Corporation (other than contracts expiring or determinable by the Corporation without payment of compensation within one year).

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The following are all material transactions since 1st January, 1969, between the Corporation and (i) directors and senior officers of the Corporation (ii) any person or company beneficially owning, directly or indirectly, more than 10% of the common shares of the Corporation, and (iii) any associate or affiliate of the persons and companies named in sub-paragraphs (i) and (ii):

1. The Corporation offered to the holders of its common shares of record at the close of business 28th February, 1969, Rights to subscribe for additional common shares at \$2.00 (Canadian currency) per share on the basis of one additional common share for each five common shares held by such holders.

The unsubscribed common shares represented by all Rights which were unexercised and allowed to expire on 31st March, 1969, were sold in the United Kingdom by Central Registration Limited through the facilities of The Stock Exchange, London, at a price which, after all expenses of sale, exceeded \$2.00 (Canadian currency) per share. The entire proceeds of sale accrued to the benefit of the Corporation. In consideration of an undertaking that any unsubscribed common shares not so sold would be purchased on 21st April, 1969, in equal portions by Lake View Investment Trust Limited, London, England and Wellington Investments Limited, Nassau, Bahamas, at the price of \$2.00 (Canadian currency) per share pursuant to an agreement dated 25th February, 1969, between the Corporation, Lake View and Wellington Investments Limited, which contained no market-out clause or similar out clause, the Corporation paid to Lake View and Wellington Investments Limited an aggregate commission of \$23,820.62 (Canadian currency). William A. Arbuckle and Neil B. Ivory are directors and respectively Chairman and President of Wellington Investments Limited, which company, on 28th February, 1969, was the beneficial owner of 808,500 common shares of the Corporation.

2. As at 28th February, 1970, the Corporation owned 1,080,000 or 23.9% of the outstanding shares of Lornex Mining Corporation Ltd. ("Lornex") of 580 Granville Street, Vancouver 2, British Columbia. In December, 1969, Lornex entered into a number of agreements relating to the construction of a mine, mill and the ancillary facilities necessary to bring its copper-molybdenum property in the Kamloops District of British Columbia into production and for the financing, management and operation thereof. The financial requirements of Lornex during the construction and starting-up period for its mining enterprise (the "Lornex Project") are estimated at \$123,600,000. Of this, \$7,400,000 has already been provided through the issue of shares of Lornex. Pursuant to a Bank Loan Agreement, three Canadian chartered banks have agreed to advance \$60,000,000 to Lornex against promissory notes collaterally secured by demand first mortgage bonds. Pursuant to a Japanese Financing Agreement, nine Japanese smelting and trading companies have agreed to purchase 150,000 common shares of Lornex and approximately \$28,600,000 principal amount of promissory notes of Lornex collaterally secured by second mortgage bonds. It is anticipated that an additional \$4,000,000 will be provided through mortgage financing on employee housing facilities. The balance of \$23,600,000 is to be provided through the purchase of units of unsecured Income Debentures and shares of Lornex pursuant to an Income Debenture and Share Purchase Agreement. The Corporation is a party to this agreement. Particulars of the Income Debenture and Share Purchase Agreement and of certain ancillary agreements to which the Corporation is a party are set out separately below.

The aforementioned agreements and the Construction and Management Agreement referred to below have been fully executed as of December 1, 1969 and have been placed in escrow with Davis & Company, Barristers & Solicitors of Vancouver, British Columbia. They will not be delivered or become effective until the interest rate on the Japanese loan is determined and inserted in the Japanese Financing Agreement. This interest rate cannot be ascertained until the Japanese Financing Agreement and a copper

concentrate sales contract are approved by the Japanese government. At an annual general and extraordinary general meeting of the shareholders of Lornex called for March 31, 1970, the shareholders will be requested to approve the execution of the agreements by Lornex and authorize the directors to fix the interest rate. If a rate is not agreed upon by September 1, 1970, the agreements will be of no further force or effect and be destroyed.

(a) Under an Income Debenture and Share Purchase Agreement between the Corporation, Lornex and Rio Algom Mines Limited ("Rio Algom") of 120 Adelaide Street West, Toronto 110, Ontario, Rio Algom and the Corporation have severally agreed to purchase from Lornex units consisting of \$1,000 principal amount of unsecured Income Debentures and 80 shares of Lornex as follows:

	No. of Units	Principal Amount of Income Debentures	No. of Shares
The Corporation	2,360	\$ 2,360,000	188,800 Common
Rio Algom	21,240	21,240,000	1,699,200 Class A

The purchase price of each unit of \$1,000 principal amount of Income Debentures and 80 shares is \$1,000. The Income Debentures will be issued under an Income Debenture Indenture between Lornex and Canada Permanent Trust Company, will bear interest at the rate of 8½% per annum from the date of issue and will mature on December 31, 1985. Interest will be compounded quarterly but payment of interest will be deferred until Lornex has sufficient funds available for such payment after making payments due under the Bank Loan Agreement and the Japanese Financing Agreement. Repayment of principal will be made by way of annual sinking fund payments from the Operating Profits of Lornex after amounts owing under the Bank Loan Agreement and Japanese Financing Agreement and accrued and deferred interest on the Income Debentures have been paid in full.

If, while any Income Debentures remain outstanding, Lornex issues shares to a third party (other than under its stock option plan, the Japanese Financing Agreement or the Construction and Management Agreement referred to below), Lornex must offer sufficient shares to the Corporation and Rio Algom to enable them to maintain the same percentage interest in Lornex that they held immediately prior to the issue of shares to the third party. The purchase price and the terms and conditions of a sale must be substantially the same as those applicable to a purchase by the third party.

(b) Pursuant to a Construction and Management Agreement dated as of December 1, 1969, between Rio Algom and Lornex, Rio Algom has agreed to assume the responsibility for the construction of the Lornex Project and to supervise and manage the business and operations of Lornex during construction and thereafter for a period of at least 15 years from December 1, 1969. Rio Algom will incur on behalf of Lornex all construction period costs (defined) and those operating period costs (defined) incurred during the first two years following commencement of commercial production. While the Corporation is not a party to this agreement, a summary of certain of its essential terms is necessary to an understanding of the rights and obligations of the Corporation under the Construction and Management Participation Agreement referred to below.

Lornex will use the proceeds of the financing and revenue from concentrate sales and other sources in the first instance to pay principal and interest on its loans and thereafter to pay construction and operating period costs incurred by Rio Algom under the Construction and Management Agreement. If the funds available to Lornex after payment of its primary obligations are insufficient to reimburse Rio Algom for construction and operating period costs, Rio Algom may elect to postpone payment until after repayment of all amounts owing under the Bank Loan Agreement, Japanese Financing Agreement and Income Debenture Indenture or, alternatively, may accept in lieu of payment, units of Income Debentures of Lornex in principal amount equal to the amount owing and Class A shares of Lornex.

Each unit (if any) which Rio Algom elects to accept in lieu of repayment will consist of 40 Class A shares of Lornex and Income Debentures of Lornex in principal amount of \$1,000 except when units are issued in respect of increased expenditures resulting from force majeure or a modification of the Lornex Project approved by the directors of Lornex in which event Rio Algom will receive 80 Class A shares for each \$1,000 principal amount of Income Debentures accepted. The Class A shares of Lornex comprised in each unit will be no par value shares. They will be non-voting, non-participating except on a winding-up and will be convertible at any time into common shares of Lornex on a one-for-one ratio.

Rio Algom's obligation to incur expenses without being reimbursed in cash is effectively limited to \$20,000,000 in respect of construction period costs or, alternatively, to an aggregate of \$30,000,000 in respect of construction period and operating period costs. The obligations of Rio Algom to pay such costs and to defer payment or accept units in lieu thereof terminate two years after commencement of commercial production, subject to extension for up to 12 months under certain conditions of force majeure.

(c) Pursuant to a Construction and Management Participation Agreement dated as of December 1, 1969, between Rio Algom and the Corporation, Rio Algom has agreed to sell to the Corporation and the Corporation has agreed to purchase from Rio Algom 17.5% of all units of Income Debentures and Class A shares of Lornex that Rio Algom may from time to time accept in lieu of reimbursement in cash under the Construction and Management Agreement. In addition, the Corporation has been granted the option, exercisable in whole but not in part on each purchase date, to purchase an additional 10% of such units. The purchase price of each unit will be \$1,000. Failure by the Corporation to take up the full 10% on any purchase date terminates the option with respect to all subsequent purchase dates.

The foregoing rights and option are subject to the obtaining of all approvals and consents necessary or desirable under any applicable securities or other legislation and the rules and regulations of any stock exchange or other regulatory body having jurisdiction. The Corporation must also ensure to Rio Algom's satisfaction that any Income Debentures acquired by the Corporation will remain subordinated to Lornex's obligations under the Bank Loan Agreement and Japanese Financing Agreement and will otherwise be subject to all of the obligations and undertakings of Rio Algom in respect thereof to the same effect as if they had continued to be held by Rio Algom. In compliance with a term of the agreement, the performance of the Corporation's obligation to purchase units has been guaranteed through the establishment of a stand-by credit with a Canadian chartered bank.

So long as the Corporation is the registered beneficial owner of 10% or more of the outstanding shares of Lornex, the parties have agreed to vote their shares to ensure that the Corporation will have two nominees (or three if requested) on the Board of Directors of Lornex and that the remaining directors will be nominees of Rio Algom. This provision is intended to replace an existing voting agreement to the same effect between the Corporation, Rio Algom and Rio Tinto Canadian Exploration Ltd., a company wholly owned by Rio Algom.

(d) The Corporation has entered into an agreement dated February 23, 1970 with Woodford Investments Ltd. ("Woodford") of 1245 Sherbrooke Street West, Montreal 109, Quebec, whereunder, in consideration of Woodford guaranteeing the stand-by credit established in respect of the Construction and Management Participation Agreement, the Corporation has agreed to sell to Woodford and Woodford has agreed to purchase from the Corporation, at the Corporation's per unit cost, all the Income Debentures and certain of the Class A shares of Lornex which the Corporation is required from time to time to purchase from Rio Algom under that agreement. In addition, Woodford has the right to require the Corporation on any purchase date to exercise the option granted to the Corporation under the Construction and Management Participation Agreement on Woodford's behalf to the extent that the Corporation does not elect to exercise the option on its own behalf. Once any part of the option is exercised on behalf of Woodford, Woodford has the right in respect of each subsequent purchase date to require the Corporation to exercise the option in whole but not in part on Woodford's behalf. Failure by Woodford to require the Corporation to exercise such right on any subsequent purchase date restores the parties to the position obtaining prior to the first purchase date.

Woodford will reimburse the Corporation for the amount of the stand-by fee required during the currency of the stand-by credit and will pay the interest charges payable in respect of draw-downs against the stand-by credit. While it is not presently contemplated that any draw-down will be made against the stand-by credit, it will be available to Woodford for the purposes of this agreement.

The Corporation will hold in trust for Woodford all Income Debentures comprised in units purchased by the Corporation on each purchase date (other than those purchased by the Corporation on its own behalf under the option) and will transfer to Woodford on each purchase date the appropriate percentage(s) of the Class A shares of Lornex comprised in such units determined in accordance with the following table, the appropriate percentage(s) to be the percentage(s) set opposite the appropriate range(s) of units (representing the aggregate number of units issued by Lornex on such purchase date and on all prior purchase dates) within which fall the units issued on such purchase date, namely:

<u>Ranges of Aggregate Number of Units Issued by Lornex</u>	<u>Percentage</u>
the first 6,000 or less	93.75%
the next 1,000 (i.e., 6,000 to 7,000)	92.50%
the next 1,000 (i.e., 7,001 to 8,000)	91.25%
the next 1,000 (i.e., 8,001 to 9,000)	90.00%
the next 1,000 (i.e., 9,001 to 10,000)	88.75%
the excess over 10,000	87.50%

All Income Debentures from time to time held in trust for Woodford by the Corporation shall be subject to all of the obligations and undertakings of Rio Algom in respect of such Income Debentures under the Construction and Management Agreement.

William A. Arbuckle (a Director and President of the Corporation) is a Director of Rio Algom and of Lornex. Neil B. Ivory (a Director and Vice-President of the Corporation) is a Director of Lornex and a Director and President of Woodford. Clifford L. Larock (a Director and the Treasurer of the Corporation) is a Vice-President of Woodford and a proposed nominee for election as a Director of Woodford. Richard Haller (the Secretary of the Corporation) is the Secretary of Woodford. Messrs. Arbuckle, Ivory, Larock and Haller own beneficially in the aggregate 16,725 shares of Lornex, 2,000 shares of Rio Algom and 76,910 of the voting shares of Woodford. Wellington Holdings Limited and Wellington Investments Limited, own beneficially 480,197 and 345,600 respectively of the voting shares of Woodford. Woodford owns beneficially in the aggregate 356,800 shares of Lornex.

APPOINTMENT OF AUDITORS

The shareholders will be asked to vote for the appointment of auditors for the Corporation. Messrs. Price Waterhouse & Co. have been the auditors of the Corporation for many years. There is no relationship between such auditors and the Corporation. **The shares represented by the enclosed form of proxy will be voted by Messrs. Arbuckle, McLeod and Ivory in favour of the appointment of Messrs. Price Waterhouse & Co. as auditors of the Corporation.**

MANAGEMENT CONTRACTS

Certain corporate and secretarial services for the Corporation are provided to the Corporation by Investment Secretariat Ltd. of Montreal, Quebec. The Corporation paid \$25,000 to Investment Secretariat Ltd. for such services for the fiscal year of the Corporation ended on 31st December, 1969. The cost to the Corporation of such services to date for the fiscal year ending 31st December, 1970, amounts to approximately \$5,000. Mr. W. A. Arbuckle, the President of the Corporation, Mr. Clifford L. Larock, the Treasurer and a director of the Corporation and Mr. Neil B. Ivory, the Vice-President and a director of the Corporation are senior officers, directors and shareholders of Investment Secretariat Ltd., beneficially owning 72.7% 13.4% and 4.5% respectively of the issued and outstanding shares of Investment Secretariat Ltd.

MANNER PROXIES WILL BE VOTED

The shares represented by the enclosed form of proxy (if the same is executed in favour of Messrs. Arbuckle, McLeod and Ivory, the management nominees, and is returned prior to the meeting) will be voted by such management nominees in accordance with the statements made in this Information Circular. It is not the intention of the Corporation to bring any matter before the meeting except those matters referred to in the Notice calling the Annual Meeting. It should be noted, however, that the enclosed form of proxy is a discretionary proxy and if any other matters should properly come before the meeting, shares represented by the enclosed form of proxy will be voted upon such other matters in accordance with the best judgment of such management nominees.

Each shareholder has the right to designate as his proxy a person other than the management nominees to attend and act for such shareholder at the Annual Meeting. Any shareholder desiring to exercise such right may do so by striking out the names of the management nominees named in the enclosed form of proxy and inserting in the space provided the name of the person who such shareholder desires to appoint as proxy. Proxies given in favour of a person other than the management nominees should be forwarded to such person and should not be forwarded to the Corporation.

By Order of the Board of Directors,

R. HALLER,

Secretary.

Dated 26th March, 1970.

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THE YUKON CONSOLIDATED GOLD CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE, 1970 (UNAUDITED)

	1970	1969
REVENUE:		
Interest	\$ 141,776	\$ 66,466
Royalties from lays	307	1,280
Miscellaneous	—	638
	<u>142,083</u>	<u>68,384</u>
EXPENSES:		
General expenses, —		
Head office	16,529	15,887
Dawson office	7,075	9,207
London office	2,528	3,899
Directors' remuneration	6,500	6,375
Travelling expenses	1,500	1,300
	<u>34,132</u>	<u>36,668</u>
PROFIT ON OPERATIONS	107,951	31,716
(Loss) profit on sale of securities	(350)	88,440
PROFIT FOR THE PERIOD BEFORE INCOME TAXES	107,601	120,156
Estimated income taxes	51,170	11,000
NET PROFIT FOR THE PERIOD	<u>\$ 56,431</u>	<u>\$ 109,156</u>

STATEMENT OF DEFICIT

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE, 1970 (UNAUDITED)

	1970	1969
Deficit at beginning of period	\$ 590,777	\$1,953,088
Deduct: Net profit on disposal of fixed assets and supplies	12,370	18,623
	<u>578,407</u>	<u>1,934,465</u>
Net profit for the period	56,431	109,156
	<u>521,976</u>	<u>1,825,309</u>
Deduct: Transferred from Contributed Surplus	—	1,147,465
Deficit at end of period	<u>\$ 521,976</u>	<u>\$ 677,844</u>

THE YUKON CONSOLIDATED GOLD CORPORATION LIMITED
STATEMENT OF CONTRIBUTED SURPLUS
FOR THE SIX MONTH PERIOD ENDED 30TH JUNE, 1970 (UNAUDITED)

	<u>1970</u>	<u>1969</u>
Premium received on issuance of 1,191,031 Common shares of Capital Stock	\$ —	\$1,205,295
Deduct:		
Commissions and expenses of subscription rights issue	—	57,830
	<u>—</u>	<u>1,147,465</u>
Transferred to deficit	—	1,147,465
	<u>\$ —</u>	<u>\$ —</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE SIX MONTH PERIOD ENDED 30TH JUNE, 1970 (UNAUDITED)

	<u>1970</u>	<u>1969</u>
SOURCE:		
Net proceeds of issuance of 1,191,031 Common shares of Capital Stock	\$ —	\$2,338,496
Net profit on disposal of fixed assets and supplies	12,370	18,623
Recovery of claims renewal fees and special refundable corporation tax	1,660	5,804
Net profit for the period	56,431	109,156
	<u>70,461</u>	<u>2,472,079</u>
APPLICATION:		
Investment in and advances to subsidiary company	10,003	—
Advances to Lornex Mining Corporation Ltd., plus accrued interest . .	420,139	51,060
Purchase of land	—	1,583
	<u>430,142</u>	<u>52,643</u>
NET (DECREASE) INCREASE IN WORKING CAPITAL	<u>\$ (359,681)</u>	<u>\$2,419,436</u>